



2007 RCFC Fact Sheet

At the August 23, 2006 meeting, the Board of Directors unanimously approved a 14 percent increase in Cascade's Regional Capital Facilities Charge (RCFC), from \$4,648 per Cascade Equivalent Residential Unit (CERU) in 2006 to \$5,297 per CERU, effective January 1, 2007. A CERU represents a typical single-family residence. (Customers with larger meters are assigned higher CERUs to reflect relative demand.)

"We felt for the good of future bonding, we need to keep strictly to our fiscal policies. Cascade received an Aa3 rating from Moody's and AA- from S&P on our initial offering. Sticking to our fiscal policies by paying for increased costs now and not put it off to the future helps to ensure we maintain that high rating and saves us money over the long run," Jim Haggerton, Cascade Treasurer and Tukwila City Council Member.

What is the RCFC?

- The RCFC is the Cascade connection charge imposed on Member agencies for new customers connecting to their water distribution systems. Each individual Member is responsible for collecting the RCFC for each new connection.
- The basis of the charge is a combination of past and future capital costs related to meeting the demands of new growth (growth pays for growth).
- The RCFC provides a source of funding for capital financing and it recovers an equitable level of investment in the system from new customers.

Why the increase?

- The 2007 increase is largely driven by a combination of:
 - Increased construction costs associated with the North Segment of the Tacoma-Cascade Regional Transmission Line
 - Unanticipated future capital investment associated with Lake Tapps
 - Additional transmission system improvements and supply investment identified through detailed 50-year planning process
 - The amount of the increase reflects a combination of increasing construction costs and changes in the scope of projects (roughly 10 percent) in addition to inflation (4 percent).
- Cascade's fiscal policies are designed to promote financial integrity and stability, capital funding, and rate equity support and direct the Board to adjust the RCFC to recover increased costs:
 - "Cascade will provide a stable financial structure that enables it to fulfill its mission to provide regional water supply and transmission services." (Financial Integrity policy)
 - "Cascade will establish and impose Member Charges that provide for equitable recovery of growth-related costs from Member agencies experiencing growth. The RCFC is the Member Charge imposed for this purpose." (Funding Growth-Related System Expansion policy)

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